

**MOBILE GIVING FOUNDATION, INC.**

*FINANCIAL REPORT*

*December 31, 2019 and 2018*



**Tremper & Co., LLP**  
*Certified Public Accountants*

# Mobile Giving Foundation, Inc.

## Table of Contents

*December 31, 2019 and 2018*

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Independent Auditor's Report	Pages 1 - 2
Statements of Financial Position	Page 3
Statements of Activities	Page 4
Statements of Cash Flows	Page 5
Statements of Functional Expenses	Pages 6 -7
Notes to Financial Statements	Pages 8 - 12



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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Mobile Giving Foundation, Inc.  
Bellevue, Washington

We have audited the accompanying financial statements of Mobile Giving Foundation, Inc. (a nonprofit organization), which comprise statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mobile Giving Foundation, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Tremper & Co., LLP*

Certified Public Accountants

February 25, 2021

# Mobile Giving Foundation, Inc.

## Statements of Financial Position

December 31, 2019 and 2018

<b>ASSETS</b>		
	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS:</b>		
Cash	\$ 62,374	\$ 97,407
Donation account	26,505	393,269
	<u>88,879</u>	<u>490,676</u>
Accounts receivable, net of allowance for doubtful accounts	48,873	90,178
Contributions receivable	221,205	836,545
Prepaid expenses and other current assets	16,608	17,263
<b>TOTAL CURRENT ASSETS</b>	<b>375,565</b>	<b>1,434,662</b>
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture and equipment	12,926	12,926
(less) Accumulated depreciation	<u>(11,625)</u>	<u>(10,115)</u>
<b>TOTAL PROPERTY AND EQUIPMENT (net)</b>	<b>1,301</b>	<b>2,811</b>
<b>TOTAL ASSETS</b>	<b>\$ 376,866</b>	<b>\$ 1,437,473</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and other current liabilities	\$ 204,510	\$ 160,289
Remittances payable	238,301	1,229,931
Deferred contribution revenue	20,433	22,040
<b>TOTAL CURRENT LIABILITIES</b>	<b>463,244</b>	<b>1,412,260</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>(86,378)</b>	<b>25,212</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 376,866</b>	<b>\$ 1,437,472</b>

*The accompanying notes are an integral part of these financial statements.*

# Mobile Giving Foundation, Inc.

## Statements of Activities

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>REVENUE:</b>		
Donor advised contributions	\$ 1,443,073	\$ 2,077,702
Program income	618,304	780,764
General contributions	149,273	-
MGF Canada operations	48,000	48,000
Interest and other	2,327	1,869
<b>TOTAL REVENUE</b>	<b>2,260,977</b>	<b>2,908,335</b>
<b>EXPENSE:</b>		
Program services	2,187,899	2,855,891
Management and general	140,480	126,607
Fundraising	4,188	4,328
<b>TOTAL EXPENSE</b>	<b>2,332,567</b>	<b>2,986,826</b>
<b>OTHER EXTRAORDINARY ITEMS</b>		
Settlement	40,000	-
<b>TOTAL OTHER EXTRAORDINARY ITEMS</b>	<b>40,000</b>	<b>-</b>
<b>DECREASE IN NET ASSETS</b>	<b>(111,590)</b>	<b>(78,491)</b>
NET ASSETS WITHOUT DONOR RESTRICTIONS, <i>beginning of year</i>	25,212	103,703
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, <i>end of year</i></b>	<b>\$ (86,378)</b>	<b>\$ 25,212</b>

The accompanying notes are an integral part of these financial statements.

# Mobile Giving Foundation, Inc.

## Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Decrease in net assets	\$ (111,590)	\$ (78,491)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	1,509	1,893
Loss on disposition of assets	-	-
Change in accounts receivable	41,305	(43,722)
Change in contributions receivable	615,340	(430,415)
Change in prepaid expenses and other current assets	655	2,466
Change in accounts payable and other current liabilities	44,221	100,705
Change in contributions payable	(991,630)	336,944
Change in deferred revenue	(1,607)	8,253
<b>Total Adjustments</b>	<u>(290,207)</u>	<u>(23,876)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(401,797)</u>	<u>(102,367)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(401,797)</b>	<b>(102,367)</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>490,676</u>	<u>593,043</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 88,879</u>	<u>\$ 490,676</u>

*The accompanying notes are an integral part of these financial statements.*

# Mobile Giving Foundation, Inc.

## Statement of Functional Expenses

For the Year Ended December 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Donor advised contributions	\$ 1,443,073	\$ -	\$ -	\$ 1,443,073
Wages	306,299	21,024	3,008	330,331
Professional services	6,169	112,146	-	118,315
Platform expense	109,659	-	-	109,659
Short codes	99,000	-	-	99,000
Payroll taxes and benefits	66,131	4,539	649	71,319
Messaging and billing service	47,532	-	-	47,532
Bad debt	42,537	-	-	42,537
Insurance	16,475	1,131	162	17,768
Registration fees and testing	13,659	-	-	13,659
Travel and meetings	12,994	-	134	13,128
Telephone	9,008	618	88	9,714
Office and miscellaneous	6,239	428	61	6,728
Facilities and equipment	3,041	209	30	3,280
Subscriptions	2,216	152	22	2,390
Bank fees and transaction charges	1,589	109	16	1,714
Depreciation	1,399	96	14	1,509
Marketing	467	-	-	467
Postage and delivery	412	28	4	444
<b>TOTAL EXPENSES AND LOSSES</b>	<b>\$ 2,187,899</b>	<b>\$ 140,480</b>	<b>\$ 4,188</b>	<b>\$ 2,332,567</b>

*The accompanying notes are an integral part of these financial statements.*



# Mobile Giving Foundation, Inc.

## Statement of Functional Expenses

For the Year Ended December 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Donor advised contributions	\$ 2,077,702	\$ -	\$ -	\$ 2,077,702
Wages	337,239	19,963	3,080	360,282
Professional services	51,830	99,784	-	151,614
Platform expense	102,071	-	-	102,071
Short codes	84,000	-	-	84,000
Payroll taxes and benefits	72,329	4,281	660	77,270
Messaging and billing service	46,159	-	-	46,159
Insurance	17,707	1,048	162	18,917
Travel and meetings	18,722	-	189	18,911
Bad debt	13,275	-	-	13,275
Telephone	10,273	608	94	10,975
Registration fees and testing	8,174	-	-	8,174
Office and miscellaneous	5,311	314	49	5,674
Facilities and equipment	4,082	242	37	4,361
Subscriptions	2,181	129	20	2,330
Bank fees and transaction charges	1,807	107	17	1,931
Depreciation	1,772	105	16	1,893
Marketing	813	-	-	813
Postage and delivery	444	26	4	474
<b>TOTAL EXPENSES AND LOSSES</b>	<b>\$ 2,855,891</b>	<b>\$ 126,607</b>	<b>\$ 4,328</b>	<b>\$ 2,986,826</b>

*The accompanying notes are an integral part of these financial statements.*

# Mobile Giving Foundation, Inc.

## Notes to Financial Statements

December 31, 2019 and 2018

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### Note 1. Summary of Significant Accounting Policies:

#### **Nature of business**

Mobile Giving Foundation, Inc. (the “Foundation”), a nonprofit organization, headquartered in Issaquah, Washington, was established to enable the mobile channel for charitable giving in support of good causes by using the convenience, security, and ubiquity of text messaging and other wireless based billing systems. The Foundation provides a platform that tracks charitable contributions made via SMS text messaging and receives contributions collected by wireless carriers which are then remitted to the advised charitable organizations. The Foundation provides direct services to charitable organizations and also connects charitable organizations with Application Services Providers (ASPs) who establish and operate mobile giving campaigns for the charitable organizations. Foundation support comes primarily through program service fees, donor contributions, corporate sponsorships, and grants. As an Electronic Donor Advised Fund, the Foundation follows all donor advisements and as such reports a contribution payable at the time a donor advised contribution is made and as such there is no change to beginning net assets.

#### **Basis of accounting**

Assets, liabilities, and revenues and expenses are recognized on the accrual basis of accounting.

#### **Classification of cash equivalents**

The Foundation considers all highly liquid investments with a maturity of three months or less at date of purchase to be cash equivalents.

#### **Donation account**

Donations made by donors are billed and collected through wireless operators who in turn remit those funds to MGF on their behalf. The Foundation provides a platform that tracks charitable contributions made via SMS text messaging and issues grants to the qualified charitable organization upon receipt of contributions made by the public and collected by wireless carriers. These contributions are held in a separate checking account until they are remitted to the advised charitable organizations. The Foundation also records a liability for funds received and to be received from wireless carriers and not yet remitted to charitable organizations.

#### **Accounts receivable**

Accounts receivable result from the performance of program services and are reported at the amount management expects to collect on balances outstanding at year-end. An allowance for uncollectible accounts of \$181 at December 31, 2019 has been recorded (\$1,281 - 2018). Management closely monitors outstanding balances and records all balances that have been deemed uncollectible as of the financial statement report date.

#### **Depreciation and amortization**

Property and equipment are stated at cost if purchased and fair market value if contributed. Depreciation is computed using straight line methods over the estimated useful lives of seven years for office equipment and furnishings and seven to five years for computer equipment. Expenditures for normal maintenance and repairs are expensed as incurred. Leasehold improvements are amortized using the straight-line method over the remaining life of the lease.

# Mobile Giving Foundation, Inc.

## Notes to Financial Statements

December 31, 2019 and 2018

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Note 1. **Summary of Significant Accounting Policies - *continued*:**

**Program service income and contributions**

Program service fees in the form of monthly and annual fees charged to ASPs and charitable organizations comprise the majority of the Foundation's annual revenue. ASPs are charged a monthly fee determined by volume of events (campaigns or extra keywords) and transactions occurring in the prior month. Revenue from the monthly ASP fees is recognized in the month in which the service is performed. Charitable organizations pay a one-time registration fee and then an annual renewal fee. Revenue for the registration and renewal fees is recognized when billed.

The Foundation accounts for contributions in accordance with recommendations of the Financial Accounting Standards Board in FASB ASC 958 Accounting for Contributions Received and Contributions Made. In accordance with FASB ASC 958, contributions received are recorded as unrestricted or restricted support, depending on the existence or nature of any donor-imposed restrictions.

The financial statements of Mobile Giving Foundation, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Mobile Giving Foundation, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Mobile Giving Foundation, Inc. management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Mobile Giving Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

All donor restricted support is reported as an increase in restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported on the statements of activities as net assets released from restrictions. Restricted contributions received whose restrictions are met in the same reporting period are recorded as unrestricted support. The Foundation does not currently hold any donor restricted funds.

Contributed goods received are recognized in the accompanying financial statements as in-kind contributions. Donated goods are recorded at their estimated fair market value at the date of receipt.

# Mobile Giving Foundation, Inc.

## Notes to Financial Statements

December 31, 2019 and 2018

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Note 1. **Summary of Significant Accounting Policies - continued:**

**Income taxes**

The Foundation operates as a 501(c)(3) Public Charity. The Foundation recently completed an examination by the Internal Revenue Service (IRS), see note 7. The IRS review found the Organization to be in compliance with IRS guidelines and Management believes it is no longer subject to income tax examinations for years prior to 2016.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. **Credit Risk:**

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation does not consider this to be a significant credit risk.

The Foundation occasionally grants credit to its service providers and customers. Such receivables are unsecured.

Note 3. **Availability and Liquidity:**

The following represents Mobile Giving Foundation's financial assets at December 31, 2019:

Financial Assets at year end:	2019	2018
Cash	\$ 62,374	\$ 97,406
Donation account	26,505	393,269
Accounts receivable, net	56,513	90,178
Contributions receivable	182,496	836,545
Prepaid expenses and other current assets	16,608	17,263
Financial assets available to meet general expenditures over the next twelve months	\$ 344,496	\$ 1,434,661

Mobile Giving Foundation's goal is generally to maintain financial assets to meet 6 - 12 months of operating expenses.

# Mobile Giving Foundation, Inc.

## Notes to Financial Statements

December 31, 2019 and 2018

Note 4. **Platform agreement:**

In February 2015 the Foundation contracted to use the technology platform of Mobile Giving Foundation Canada (a non-related party) for administering the text to give contributions. Monthly fees under the agreement are \$9,100 (\$8,000 - 2018) . Additional fees outside the scope of the platform service are paid as incurred. Total payments made under the platform agreements during the year ended December 31, 2019 totaled \$109,659 (\$102,071 - 2018).

Note 5. **Joint Costs and Functional Expenses:**

For the years ended December 31, 2019 and 2018, the Foundation conducted activities that included program service as well as management and general and fundraising components. Those activities included educating not-for-profit entities about the benefits of using the mobile channel for charitable giving, assisting not-for-profit entities in using the mobile channel for charitable giving, and fundraising and operational activities. The costs of conducting those activities included a total of \$445,198 for the year ended December 31, 2019 (\$484,107 - 2018) of joint costs, which are not specifically attributable to particular components of the activities. These joint costs were allocated as follows:

The expenses that are allocated include the following:

	<u>2019</u>	<u>2018</u>
Program services	\$412,809	\$453,145
Management and general	28,335	26,824
Fundraising	<u>4,054</u>	<u>4,138</u>
Total	<u>\$445,198</u>	<u>\$484,107</u>

Mobile Giving Foundation, Inc. provides a sole program service; to quickly raise funds using an electronic DAF model to enable Mobile Giving Foundation, Inc. and indirectly, its donors, to react in real time to address critical charitable needs by offering donors a mechanism by which they can electronically make a contribution using their cell phones. The cost of providing program services and supporting activities (management and general, fundraising) have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll and related benefits	Staff time
Office supplies and equipment	Staff time
Insurance	Staff time
Subscriptions	Staff time
Bank fees	Staff time
Depreciation	Staff time

# Mobile Giving Foundation, Inc.

## Notes to Financial Statements

*December 31, 2019 and 2018*

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Note 6. **Post – Employment Benefits:**

Mobile Giving Foundation, Inc. provides a 401(k) plan to its employees. Employees may contribute up to the IRS annual limits. The Foundation has no obligation to match employee contributions to the 401(k) plan and participants are fully vested in all employee contributions.

Note 7. **Contingencies:**

The Board of Directors of the Foundation continuously monitors the Foundation's financial health and evaluates the Foundation's ability to continue to serve its exempt purpose. The Board believes the Foundation has adequate resources to continue operations for at least the year following the audit report date. Of primary concern to the Board is the Foundation's ability to generate revenue through program service fees and donations, both of which are inherently uncertain revenue sources. If at any time the Board determines the Foundation is not able to continue to serve its exempt purpose, the Foundation will cease operations or transfer operations to a likeminded entity.

During the year, Mobile Giving Foundation, Inc. settled their dispute with the IRS regarding their 501(c)(3) Public Charity status. The settlement included a \$40,000 fee and clarifying corrections to certain agreements. The payment is not a payment of tax or a penalty under code.

Note 8. **Subsequent Event:**

Management has evaluated subsequent events through February 25, 2021, the date on which the financial statements were available to be issued.